

Calendar Year Return Projections by States 2003 - 2010

*Document 6149
2003 Update*



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Questions or comments regarding these return forecasts or related matters can be directed to the corresponding staff member listed below.

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Forecasts Available Electronically

The following forecasts are also available on the IRS's web site. This site can be reached at **www.irs.gov**. Select the "Tax Stats" option, followed by the "Projections" option (under the *Statistical Publications* heading). IRS employees can also access this projections product on the IRWeb by selecting the "Commissioner" option; followed by the "Research, Analysis & Statistics (RAS)" option; the "Publications" option; and then the "Office of Research" option.

Distribution

If you are an IRS employee and would like to receive a copy of this document on a continual basis, please contact your local IMDDS coordinator and obtain the appropriate protocol for inclusion on the distribution list. All non-IRS customers, and IRS customers uncertain of their local IMDDS coordinator, should contact Philip Cormany at (202) 874-0514.

Overview

This 2003 edition of Document 6149 (*Calendar Year Returns Projections by State Locations*) provides state level forecasts of tax returns to be filed in calendar years (CY) 2003 to 2010 by major form type and medium of filing. Internal Revenue Service (IRS) staff under the Office of Research prepare these projections annually to reflect changes in filing patterns, economic and demographic trends, legislative requirements and IRS administrative processes. These forecasts are primarily used for resource planning and analysis on the local level, including decisions about future workload realignment among the IRS processing centers.

This publication supplements the forecasts previously released in *Calendar Year Return Projections for the United States and IRS Centers*, Document 6186 (Rev. 11-03) and *Calendar Year Projections of Individual Returns By Major Processing Categories*, Document 6187 (Rev. 11-03). Discussion of the major trends, the legislative and administrative initiatives embedded in the projections, and other important caveats about these forecasts can be found in those previously released documents. The projections presented in this document are based on a combination of forecasting methodologies including regression models, time series techniques, growth rates, and historical ratio methods, depending upon the form type, the availability of historical data and applicability of relevant economic and demographic forecasts. Typically, returns are forecast first for the United States. Districts are forecast next and adjusted to the U.S. level.

Track Record of Projections Accuracy

This "Track Record" section, along with Table 54, provide a brief analysis of the accuracy of prior projections prepared by the Projections and Forecasting staff within the Office of Research. Using four years of actual data (1999 through 2002), Table 54 presents the accuracy of our national level projections, by major return categories, as presented in our various documents published from 1994 to 2001. This track record material covers only the major return categories we forecast on a calendar year basis. It serves as a general measure for gauging the overall reliability of our U.S. level return projections.

The return categories considered in Table 54 consist of the following: Grand Total, Total Primary Returns, Individual (income tax) Total, Individual Estimated Tax, Fiduciary, Partnership, Corporation, Employment, Exempt Organization, and Excise. Where there were sufficient data on prior forecasts, we have also included selected breakouts of "paper" volumes versus "e-file/magnetic tape" filings. The table presents two measures of projection accuracy: the mean absolute percent error (MAPE), and the number of overprojections. We also include the latest actual filing volumes for 2002 to provide perspective on the relative size of the "numbers" being projected. The MAPE is computed as the

average percent projection error (regardless of whether they were over- or under-projections) over the four most recently applicable projection cycles. The associated number of overprojections for the four cycles can show whether we consistently over- or under- project. Because we do not want to do either, a value of two (2) is most desirable. The table groups these two measures by time horizon. The time horizon is determined by when the forecast was made and for what future year. For example, a forecast for 2000 made in 1997 would be part of the “3-years-ahead” time horizon. The table presents time horizons from one to five years ahead. For each, we factor in the most current four observations. For example, for the “3-years-ahead” information, we use the forecasts made in 1996 for 1999, those made in 1997 for 2000, those made in 1998 for 2001, and those made in 1999 for 2002.

Customer Satisfaction Survey and Comments

In January 2003, as part of our commitment to performance measurement, the Projections and Forecasting Group conducted our fourth annual survey of IRS customers to determine satisfaction levels with our products and services. The table below summarizes the results of those surveys on four major dimensions.

PFG Customer Satisfaction Survey Results: Percent “Satisfied” or “Very Satisfied”

<u>Measure</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Accuracy of Forecasts	81	83	84	80
Timeliness	75	73	80	89
Responsiveness of PFG Staff	67	64	72	74
Overall Satisfaction	85	87	85	91

We thank customers who have participated in our past surveys and ask for your continued cooperation in future surveys. Also, we continually seek to improve customer service wherever we can and we welcome customer feedback at any time. Comments and suggestions regarding this document can be directed to Wanda Ross Acting Chief, Projections and Forecasting Group on (202) 874-0838. Questions concerning a specific tax return listed in this document may also be directed to the projections staff listed on the inside front cover. Finally, the tables contained in this document are also available electronically, as noted on the inside front cover.

Eric Toder
Director, Office of Research

Table Notes

- Data in this document have been rounded to the nearest hundred; therefore projections of 49 or fewer were rounded to zero. However, some forms can report zero filings because they are associated with only selected areas, or because their filing options were just established or recently eliminated. Also, details may not add due to rounding.
- Historical (actual) and projected values are shown in their state alignment only. Tables for selected IRS locations (i.e., International and District of Columbia) are included. Please contact the appropriate analyst (listed on the inside front cover) if projections for the former district locations are needed.
- Grand Total is the sum of Total Primary Returns and Supplemental Documents. The Total Primary Returns category is the sum of all forms shown on the tables, excluding Supplemental Documents.
- The last category in the “Individual Income Tax Total” section includes the following: Form 1040NR (*U.S. Nonresident Alien Income Tax Return*); Form 1040PR (*U.S. Self-Employment Tax Return--Puerto Rico*); and Form 1040SS (*U.S. Self-Employment Tax Return--Puerto Rico, U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands [CNMI]*). These forms are assigned to the International area.
- The category “Other” in the “Corporation Total” section consists of Forms 1120L, 1120PC, 1120REIT and 1120SF.
- Form 2553 is *Election by a Small Business Corporation* and the projections are only shown at the U.S. level in this document.
- Form 1066 is *U.S. Real Estate Mortgage Investment Conduit (REMIC) Income Tax Return*.
- The “Government Entities” category has been added and includes Forms 8038, 8038G, 8038GC, 8038T, and 8328 at the U.S. level.
- Form 945 is *Annual Return of Withheld Federal Income Tax*.
- Form 8752 is *Computation of Required Payment of Refund by a Partnership or S-Corporation*.
- Form 1042 (*Annual Withholding Tax Return for U.S. Source Income of Foreign Persons*) is assigned to the International area.

- Supplemental Documents are defined as follows: Form 1040X (*Amended U.S. Individual Income Tax Return*), Form 4868 (*Application for Automatic Extension of Time to File U.S. Individual Income Tax Return*), Form 2688 (*Application for Additional Extension of Time to File U.S. Individual Income Tax Return*), Form 1120X (*Amended U.S. Corporation Income Tax Return*) and Form 7004 (*Application for Automatic Extension of Time to File Corporation Income Tax Return*).
- The category “Political Organizations” has been added and includes Forms 1120POL, 8871, and 8872. Note that in prior years, Form 1120POL was included in the subtotal for “Corporation”.
- Various return categories such as Form 1040ES (*Individual Estimated Tax*) and other business and individual returns, include line item to account for electronic method of tax filing. However, “paper only” breakouts were omitted because of table space constraints. Still, one can derive “paper only” components by subtracting the electronic counts from their respective return totals.
- Form 8868 is an *Application for Extension of Time to File an Exempt Organization Return* and the projections are only shown at the U.S. level.

Other Projection Documents

Title	IRS Document Number	Typical Updates
<i>Calendar Year Return Projections for the United States and IRS Centers</i>	6186	Winter
<i>Fiscal Year Return Projections for the United States</i>	6292	Spring/ Fall
<i>Calendar Year Projections of Individual Returns By Major Processing Categories</i>	6187	Spring/ Fall
<i>Calendar Year Projections of Information and Withholding Documents for the United States and Service Centers</i>	6961	Spring

These documents are available electronically as noted inside the front cover.

These documents may also be requested

(1) by phone at (202) 874-0514,

(2) by fax at (202) 874-0613, or

(3) by writing to the following address

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